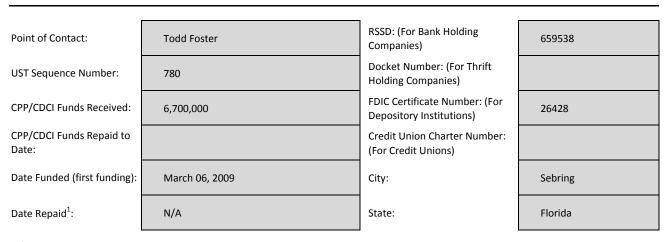


(Include Holding Company Where Applicable)

Highalnds	Independ	dent Rand	rshares	Inc



<sup>&</sup>lt;sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.	



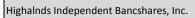


(Include Holding Company Where Applicable)

Hig	halnds Independent Bancshares, Inc.
	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).
Χ	Increase securities purchased (ABS, MBS, etc.).
	Initially these funds were utilized to increase our company's ability to support the funding of mortgage lending via the purchase of a variety of mortgage backed securities issued by Freddie Mac and Fannie Mae
	variety of mortgage backed securities issued by Freduie wide and Familie wide
	Make other investments.







ncrease reserves for non	-nerforming assets.	
ater these funds were us ncreased level of non-per	sed as additional capital support which allowed o	our institution to provide the necessary reserves for an
educe borrowings.		
crease charge-offs.		













Highainds independent Bancsnares, inc.	
What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?	



NAME OF INSTITUTION

(Include Holding Company Where Applicable)	

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?	
he addition of the CPP capital infusion allowed our institution to maintain adequate capital position as it continues to work through it non-	
performing loan issues.	



NAME OF INSTITUTION

(Include Holding Company	Where Applicable)

Highalnds Independent Bancshares, Inc.	
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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.